

Message Text

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PAGE 01 MANILA 11027 190746Z

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 TRSE-00 OMB-01 CIAE-00 INR-07

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FM AMEMBASSY MANILA

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AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

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USDOC FOR MPD

E.O. 11652: NA

TAGS: ECIN, EIND, ASEAN

SUBJECT: PHILIPPINE DIESEL ENGINE PROJECT

REF: SINGAPORE 2826

1. SUMMARY. THE PHILIPPINES IS PLANNING TO GO AHEAD WITH A DIESEL ENGINE MANUFACTURING PLANT TO PRODUCE 10,000 UNITS ANNUALLY OF 50-400 HP ENGINES PRIMARILY FOR THE PROGRESSIVE TRUCK MANUFACTURING PROGRAM IN SPITE OF THE FACT DIESEL ENGINE PRODUCTION HAS BEEN DESIGNATED SINGAPORE'S ASEAN PROJECT. END SUMMARY.

2. THE BOARD OF INVESTMENTS WILL GRANT PERMISSION TO ONE FIRM TO BUILD A DIESEL ENGINE PLANT IN THE PHILIPPINES AND GRANT IT TAX INCENTIVES. THIS WAS ANNOUNCED JULY 6 BY FRANCISCO "PAT" JOVER, TRANSPORT SECTION CHIEF OF THE BOI. THE PLANT WILL PRODUCE APPROXIMATELY 10,000
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PAGE 02 MANILA 11027 190746Z

UNITS ANNUALLY OF 50 TO 400 HOSEPOWER ENGINES BY 1979, PRIMARILY FOR THE NEWLY INSTITUTED PROGRESSIVE TRUCK MANUFACTURING PROGRAM, AS WELL AS NON-AUTOMOTIVE USES APPLICABLE IN THIS SIZE RANGE. JOVER ALSO SAID THAT THE GOP WOULD "MOST PROBABLY" ESTABLISH TARIFF BARRIERS TO IMPORTS OF ENGINES IN THIS SIZE RANGE WHEN THE PLANT IS FULLY OPERATIONAL.

3. SEVEN FIRMS HAVE SIGNED LETTERS OF INTENT TO PRODUCE ENGINES HERE IF PERMITTED BY THE BOI: PERKINS, GENERAL DIESEL, LEYLAND, MITSUBISHI, CUMMINS, ISUZU, AND MAN. PUBLIC HEARINGS WILL BE HELD IN MID-AUGUST TO ESTABLISH THE PARAMETERS AND BASIC GUIDELINES FOR THE PROJECT. POTENTIAL PRODUCERS AND END-USERS WILL BE INVITED TO ASSIST THE BOI IN DEFINING THE TECHNICAL SPECIFICATIONS FOR THE ENGINE THAT WOULD MAKE IT APPLICABLE TO AS WIDE A RANGE OF USERS AS POSSIBLE.

4. TO ACHIEVE ECONOMIES OF SCALE IN PRODUCTION, JOVER SAID THAT DIESEL ENGINES WILL BE MADE A "FORCED DELETION" ITEM IN THE PTMP, I.E., LOCAL TRUCK PRODUCERS WILL BE FORCED TO USE THE LOCALLY PRODUCED ENGINE RATHER THAN IMPORT ONE. THE BOI IS ALSO CONSIDERING THE POSSIBILITY OF CONVERTING TO DIESELS IN THE ASIAN UTILITY VEHICLE (AUV) PRODUCTION UNDER THE PROGRESSIVE CAR MANUFACTURING PROGRAM (PCMP). FOR THE MOST PART, HOWEVER, DIESELS WILL NOT BE APPLICABLE IN LOCAL AUTOMOBILE PRODUCTION UNDER THE PCMP.

5. IN THE ASEAN CONTEXT, JOVER STATES THE THE PHILIPPINE PROJECT IS CONSIDERED AN "EXISTING, FIRMED-UP PROJECT" AND THEREFORE IS NOT IN CONFLICT WITH THE ASEAN DIESEL ENGINE PROJECT OF SINGAPORE. IN RECENT MEETINGS WITH SINGAPOREAN LIMITED OFFICIAL USE

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PAGE 03 MANILA 11027 190746Z

OFFICIALS JOVER SAID THE PHILIPPINE TEAM MADE IT CLEAR THAT THEY WERE GOING AHEAD WITH THIS PROJECT, AND /SINGAPORE WAS WILLING TO GIVE WAY" ON THIS SIZE RANGE OF ENGINES. SINGAPORE CAN HAVE THE "RESIDUAL MARKET."

6. USDOC FOR MPD: JOVER SAID THAT CUMMINS ENGINES HAS "A VERY GOOD CHANCE" OF BEING SELECTED FOR THIS PROJECT BECAUSE THEY ARE ALREADY IN THE MARKET PLACE AND HAVE ESTABLISHED A REPLACEMENT ENGINE MARKET, AS WELL AS AN ENGINE REBUILDING FACTORY. HOWEVER, THE BOI WOULD WELCOME AND ENCOURAGE OTHER U.S. PRODUCERS OF DIESEL ENGINES OF THIS SIZE RANGE, 50-400 HORSEPOWER, TO MAKE A PROPOSAL TO THE BOI TO PRODUCE ENGINES HERE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, DIESEL ENGINES, PROGRAMS (PROJECTS), INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
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Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770743/aaaablbd.tel
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Original Classification: LIMITED OFFICIAL USE
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Status: NATIVE
Subject: PHILIPPINE DIESEL ENGINE PROJECT
TAGS: ECIN, EIND, ASEAN
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Type: TE
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